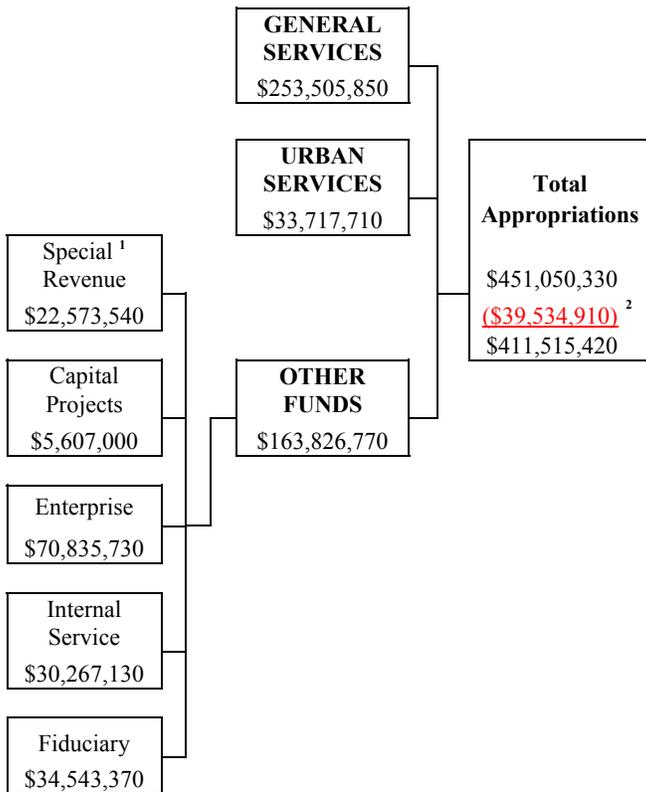


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Organization of the Total Budget by Fund



¹ Includes County Aid (\$834,520) and Grant (\$17,439,340) Funds approved by budget amendment above the Council Adopted Budget \$393,241,560.

² Interfund transfers.

Introduction to the Budget

As shown on the prior page, the total budget for all funds combined, net of interfund transfers, is \$411,515,420. This is \$64,057,430 more than the FY 2005 budget.

The finances of the government are segregated into funds in order to account for specific activities in accordance with special regulations or restrictions. The total budget is organized as follows:

- Fund 111, the **General Services District Fund**, supports basic services such as police, fire, planning and zoning, parks and recreation, libraries, and other community services.³ This fund is financed primarily by employee withholdings/net profits license fees and property taxes.
- Fund 115, the **Urban Services Districts Fund**, accounts for refuse collection, street lights, and street cleaning services provided by the government. These services are funded by an additional property tax paid only by the property owners in the respective service districts.

³ Due to Medicaid reporting requirements, the *Family Care Center Health Services Fund* (112) is accounted for separately. However, it is essentially a part of the General Services Fund and is included in the General Services Fund totals reported in this document.

Budget In Brief

- **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted for specified expenditures, such as *state and federal grant revenues, and Municipal Aid Program* and *County Aid Program* funds.
- **Capital Projects Funds** account for the receipt and disbursement of resources used in major capital and construction projects.
- **Enterprise Funds** are self-supporting through charges for services. LFUCG enterprise funds include *Sanitary Sewers, Landfill, Right-of-Way, Extended School Program, Enhanced 911, and Public Corporations*.
- **Internal Service Funds** account for the financing of services by one fund to other funds of the government. Included here are the government's *self-insurance funds*.
- **Fiduciary Funds** are used to account for assets held by the government in a trustee capacity. Included are the *Public Library Corporation Fund, the City Employees' Pension Fund, and the Policemen's and Firefighters' Retirement Fund*.

FY 2006 Budget Highlights

The Lexington-Fayette Urban County Council voted to ratify the Mayor's Proposed Budget for fiscal year 2005-2006, as amended, on June 14, 2005. The approved expenditure budget for the General Services Fund is \$253,505,850, which includes changes made by the Council on June 14, 2005. The total budget for all funds combined, net of interfund transfers, is \$411,515,420.

At the *Budget Call* meeting on December 10, 2004, government Commissioners and division Directors were asked to submit basic service operational budgets with a limitation on new position requests.

The basic principles shaping the FY 2006 budget are:

- ✓ Employee compensation is the first priority.
 - \$3.4 million in additional costs for the first year of the Police and Fire bargaining units' contracts.
 - 3.6% pay increase and funding for applicable steps for sworn Police and Fire employees who are not a part of a bargaining group.
 - 5% pay raise for all other employees.
 - Continued effort to complete employee pay equity reviews.
- ✓ Redevelopment of the downtown and the surrounding areas through economic development, construction, and housing opportunities.
- ✓ Commitment to the Purchase of Development Rights program (\$2 million in bond funds).
- ✓ Improved information technology resources.
 - Funding for a new Enterprise Resource Plan (ERP) system.
 - Additional staffing for implementation of the ERP.

Budget In Brief

- ✓ Continuation of core government services.
 - 5 additional Corrections Officers.
 - 49 additional Police Officers to deal with staffing issues.
 - New sworn fire positions (45) to staff two additional fire stations.
 - \$2.3 million in bond funds for park projects.
 - \$1.3 million in bond funds for voting machines.
- ✓ Commitment to enhance our participation with minority vendors.

Council Changes to the Mayor's Proposed Budget

After the Mayor's Proposed Budget is presented, the Council is required to hold public hearings on the contents of the proposed budget and may amend the proposed annual operating budget submitted by the Mayor, except that the budget, as amended and adopted, shall provide for all expenditures required by law or by other provisions of the Charter, and for all debt service requirements for the next fiscal year. The following changes to the Mayor's Proposed Budget were made by the Council:

Budget In Brief

Changes to Available Funds:

Revenue – reduce license fee revenue budgets \$3,420,060

Changes to Expenditures:

Police – reduce new positions from 71 to 50 (1,224,960)

Mayor's Office – budget reductions (784,140)

Community Corrections – reduce new

Community Corrections Officers from 25 to 5 (706,020)

All – reduce operating capital projects (600,000)

All – reduce CIP capital projects (400,000)

Fire – reduce Fire positions from 56 to 46 (319,580)

Human Resources – reduce funding (306,200)

Planning – delete Economic Base Analysis (180,000)

E-Block Program – delete funding (176,320)

Community Development – delete Third Street
project (150,000)

Mayor's Training Center – budget reductions (117,900)

Planning – delete Infill and Redevelopment (62,580)

Community Reinvestment Alliance – reduce
funding (35,000)

Special Projects – delete Fourth of July funding (30,000)

CAO – budget reductions (20,000)

Downtown Arts Center – reduce funding (15,000)

Special Projects – reduce funding (14,020)

World Trade Center – reduce funding (10,000)

Sister Cities – reduce funding (5,000)

Special Projects – delete fire station anniversary (5,000)

Christmas Chorus – reduce funding (3,000)

Shakespeare in the Park – reduce funding (2,240)

Roots and Heritage – additional funding 3,000

Sports Authority – additional funding 3,750

PIO – add funding for computer equipment 15,000

Rape Crisis Center – additional funding 20,000

Building Inspection – one additional Staff
Assistant position 34,160

Council Office – increase NDF funds from
\$6,000 to \$10,000 per Councilmember 60,000

PVA – fund two new positions 100,000

Code Enforcement – two additional positions 118,000

Council Office – abolish one position and
create five additional Staff to Council II 266,880

All – increase non-sworn pay raise to 5% 1,033,940

Total Council Changes \$(92,170)

Budget In Brief

Summary of General Services District Changes

	Mayor's Proposed	Adopted	Difference
Funds Available	\$258,372,060	\$254,952,000	(\$3,420,060)
Expenditures	257,018,080	253,505,850	(3,512,230)
Budgeted Fund Balance	\$1,353,980	\$1,446,150	\$92,170

Changes to Other Funds

The only changes made to the other funds were to implement increasing the pay raise for non-sworn employees from 3.6% to 5%. The impact to fund balance per fund is as follows:

Urban Services Fund	\$131,120
Municipal Aid Fund	3,130
Sanitary Sewer Fund	126,920
Landfill Fund	7,930
Right-of-Way Fund	3,830
Policemen's and Firefighters' Pension Fund	550
Extended School Program Fund	87,560
Enhanced 911 Fund	24,360

FY 2006

General Services District Fund

General Services District Fund

The Charter creating the merged Lexington-Fayette Urban County Government (LFUCG) divided the county into geographical taxing districts—the General Services District and the Urban Services Districts. The **General Services District** covers the entire county and includes most of the basic services provided to residents (police, fire, parks, housing, etc.). FY 2006 appropriations in the General Services District Fund are \$253.5 million.

There are several ways in which one can look at how the LFUCG will spend its budget this year. In the following pages, the budget is explained by category of spending and by department, or service area.

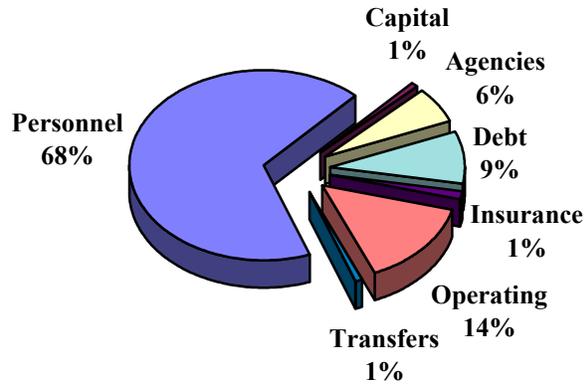
Budget In Brief

General Services District Fund
Summary of Revenue and Appropriations

Category	FY 2005	FY 2006	Difference
<i>Revenue</i>			
Ad Valorem Taxes	\$15,560,000	\$17,021,000	\$ 1,461,000
Licenses and Permits	181,194,200	198,821,890	17,627,690
Services	13,189,070	14,001,840	812,770
Fines and Forfeitures	220,150	343,550	123,400
Intergovernmental	1,925,170	2,174,000	248,830
Detention Centers	4,755,000	4,501,000	(254,000)
Miscellaneous	1,464,000	3,749,410	2,285,410
Total Revenue	\$218,307,590	\$240,612,690	\$22,305,100
Release of 27 th Pay Reserve	-	4,339,310	4,339,310
Fund Balance, July 1 (Estimated)	1,880,220	10,000,000	8,119,780
Total Available Funds	\$220,187,810	\$254,952,000	\$34,764,190
<i>Appropriations</i>			
Personnel	\$144,521,260	\$171,013,520	\$26,492,260
Agency Services	17,532,490	15,421,480	(2,111,010)
Debt Service	20,890,630	22,247,130	1,356,500
Insurance	5,088,860	3,420,000	(1,668,860)
Operating	29,307,080	36,599,340	7,292,260
Transfers To\ (From) Other Funds	2,043,910	2,454,850	410,940
Total Operating	\$219,384,230	\$251,156,320	\$31,772,090
<i>Capital</i>			
CIP Capital	\$301,000	\$1,481,880	\$ 1,180,880
Operating Capital	231,960	867,650	635,690
Total Capital	\$532,960	\$2,349,530	\$1,816,570
Total Appropriations	\$219,917,190	\$253,505,850	\$33,588,660
Fund Balance, June 30 (Estimated)	\$270,620	\$1,446,150	\$1,175,530

Budget In Brief

Expenditures by Category \$253,505,850



Expenditures by Category FY 2005 vs. FY 2006 (\$000 omitted)

Category	FY 2005	FY 2006	\$ Change	% Change
Personnel	\$144,521	\$171,014	\$26,492	18.3%
Agencies	17,532	15,421	(2,111)	-12.0%
Debt Service	20,891	22,247	1,356	6.5%
Operating	29,307	36,599	7,292	24.9%
Transfers	2,044	2,455	411	20.1%
Insurance	5,089	3,420	(1,669)	-32.8%
Capital	533	2,350	1,817	340.9%
Total	\$219,917	\$253,506	\$33,589	15.3%

Expenditures by Category

Personnel (\$171,013,520) accounts for 68 percent of the total General Services budget. This category includes *wages, overtime, and fringe benefits*. The change in this category over last year is due mainly to:

- Payment of an additional pay period. FY 2006 has 27 pay periods rather than the normal 26.
- A pay increase of 5.0 percent in July for most non-sworn personnel.
- Continuation of the ten-step pay system for non-bargaining sworn personnel in Police and Fire, including a 3.6 percent change in the scale, as well as items negotiated by the bargaining groups.
- A projected eight percent increase in health insurance costs and pension rate increases ranging from 2% to nearly 3%.
- The creation of additional positions:
 - a. Forty nine sworn positions for Police.
 - b. Fifteen sworn positions in Fire to staff the new station at Avon.
 - c. Thirty sworn positions in Fire to staff the planned new station in the Masterson Station area.
 - d. Five Community Corrections Officers.
 - e. Four net positions in the Council Office.
 - f. Six positions to backfill for current employees who will be working in implementation of a new financial software system.
 - g. Thirteen positions in various other areas of government.

Outside Agencies (\$15,421,480) are non-governmental programs such as the Library and various social service organizations that receive full or partial funding from the LFUCG. (See page 21 for a complete list of agencies.) The

Budget In Brief

majority of the decrease in this category for FY 2006 is due to funding for LexTran being provided by a new ad valorem tax. In addition, Tenant Services will become a part of the Division of Adult Services.

Debt Service (\$22,247,130) is for payment on long-term and short-term debt incurred to finance public projects. FY 2006 includes the first payment (\$461,430) of the fire equipment notes which were issued in FY 2005, a full-year's payment for the Day Treatment/EAMP Blvd. - Phase II/Multipurpose Building bonds (\$715,610), and anticipated payments for several bond issues scheduled for FY 2005 and FY 2006 (\$800,520).

Insurance (\$3,420,000) is the General Services Fund's payment to the government's self-insurance fund for claims related to workers' compensation, general liability, property, and automobile liability and physical damage. The FY 2006 reduction of \$1,668,860 reflects budgeting the administrative costs of the self-insurance program as a division of the General Fund.

Operating (\$36,599,340) includes the day-to-day expenditures needed to run the various departments, such as office supplies, telephone, fuel, and utilities. Also included are professional services for medical, legal, engineering, etc. The difference of \$7,292,260 includes the increased cost of professional services, utilities, vehicle fuel and maintenance, and the transfer of the Division of Risk Management from the Workers Compensation\Liability Fund to the General Fund.

Transfers To/From Other Funds (\$2,454,850) represent the transfer of resources from one fund to another. FY 2006 transfers are \$410,940 more than FY 2005, largely due to the reduction in the MAP transfer to the General Fund for Streets, Roads, and Forestry personnel costs.

Budget In Brief

Transfers To or (From)	FY 2005	FY 2006	Difference
CEP - Administrative	\$ 800	\$ 750	\$ (50)
CEP - Retirees' Insurance	84,400	89,800	5,400
Golf Course Improvements	101,600	101,600	-
Indirect Cost	(153,070)	(158,880)	(5,810)
House Bill 413	-	(574,000)	(574,000)
Finance Personnel	-	(2,040)	(2,040)
LexCall Recovery	(48,430)	(48,510)	(80)
Park Impact Fees	350,000	550,000	200,000
Parks Projects	250,000	-	(250,000)
P & F Pension - Administrative	197,610	166,230	(31,380)
P & F Pension - Retirees' Insurance	2,051,000	2,319,900	268,900
Snow Removal Costs - Sewers	10,000	10,000	-
Streets, Roads, and Forestry Salaries	(800,000)	-	800,000
Total Transfers	\$2,043,910	\$2,454,850	\$410,940

Capital (\$2,349,530) includes payments for capital improvement projects such as storm drainage, fiber optic cabling, and neighborhood traffic management, and operating capital such as copier leases and fire safety equipment. This category reflects an increase of \$1,816,570, with additional storm water funding (\$300,000), cars and equipment for new police officers (\$570,000)⁴, contingency funds for the HVAC replacement (\$225,000), and community development/affordable housing infrastructure (\$100,000) accounting for most of this increase.

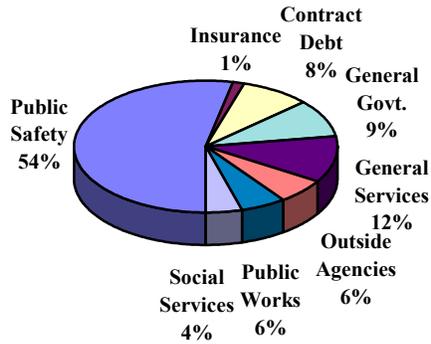
⁴The adopted budget included a proposed \$1 million cut to capital projects. Since adoption, Council voted to not reduce capital by \$1 million. They voted instead to pay for the additional police cars with notes rather than cash (\$525,000) and reduce budgeted fund balance by \$475,000.

Budget In Brief

Expenditures by Department or Service Area

Governmental departments are unique units with specific responsibilities, generally defined in the LFUCG Charter. The budget is explained along departmental lines in the following section.

Expenditures by Department \$253,505,850



Expenditures by Department or Service Area (\$000 omitted)

Department	FY 2005	FY 2006	Difference
Public Safety	\$113,739	\$135,538	\$21,799
General Services	25,211	28,845	3,634
Outside Agencies	17,532	15,421	(2,111)
Contract Debt	20,324	23,184	2,860
General Government	16,567	21,447	4,880
Public Works	11,755	14,313	2,558
Social Services	9,700	11,338	1,638
Insurance	5,089	3,420	(1,669)
Total	\$219,917	\$253,506	\$33,589

Budget In Brief

Public Safety

\$135,537,830

1,830.5 FTE

The largest department in the General Services Fund is Public Safety, accounting for 54 percent of the FY 2006 budget. Alcohol Beverage Control, Building Inspection, Code Enforcement, Community Corrections, Enhanced 911, Environmental and Emergency Management (DEEM), Fire and Emergency Services, and Police are included in this department.

Program	FY 2005	FY 2006	Change
Police	\$41,790,050	\$49,632,580	\$7,842,530
Fire/Emergency	38,327,710	47,806,850	9,479,140
Comm. Corrections	26,053,180	29,366,800	3,313,620
Commissioner	3,222,530	3,594,490	371,960
Bldg. Inspection	2,262,060	2,666,570	404,510
Code Enforcement	1,457,980	1,711,750	253,770
DEEM	580,900	701,630	120,730
Enhanced 911	31,280	42,370	11,090
ABC ⁵	13,050	14,790	1,740
Department Total	\$113,738,740	\$135,537,830	\$21,799,090

Public Safety budgets include:

- ✓ Implementation of the bargaining agreements for Police and Fire. The Police agreement covers Police Officers and Sergeants and the Fire agreement covers Firefighters, Lieutenants, and Captains.
- ✓ A 5 percent pay increase for most civil service employees.
- ✓ A 3.6 percent increase and applicable step costs for non-bargaining sworn employees in Police and Fire.

⁵ The ABC (Alcohol Beverage Control) budget includes funds for the part-time ABC Administrator position only. The remainder of the budget is included in the Division of Police.

Budget In Brief

- ✓ Increased health and vision insurance costs.
- ✓ An increase in LFUCG's pension contribution rate for sworn positions in the Divisions of Police and Fire (from 21 percent to 23 percent).
- ✓ New sworn Fire positions (15) to staff the new fire station at Avon.
- ✓ New sworn Fire positions (30) to staff the planned new fire station in the area of the Masterson Station neighborhood.
- ✓ New sworn Police positions (49) to help with the increasing workload.
- ✓ Additional positions in Code Enforcement (2) to help with nuisance abatement.
- ✓ Additional positions in Building Inspection (3) for inspections and plan review.

The debt service budget includes payments for various notes issued to purchase equipment, including items such as replacement police and fire vehicles.

The increase in the Commissioner of Public Safety's budget reflects increases in the appropriation to the Humane Society for animal control and the budget for Police and Fire retirees' health insurance. Community Correction's budget includes increased food and medical costs for inmates at the Detention Center.

Budget In Brief

General Services **\$28,844,860**
384.5 FTE

Funding for the Department of General Services is \$3.6 million more than FY 2005, with increase split between personnel costs and operating/capital costs.

Program	FY 2005	FY 2006	Change
Parks and Recreation	\$15,821,580	\$17,634,560	\$1,812,980
Building Maint./Const.	4,139,340	4,987,510	848,170
Fleet Services	2,767,000	3,285,740	518,740
Commissioner's Office	2,483,190	2,937,050	453,860
Department Total	\$25,211,110	\$28,844,860	\$3,633,750

Over \$17 million is budgeted for ***Parks and Recreation***, which is responsible for over 4,200 acres of public parks, playgrounds, swimming pools, and public golf courses. The FY 2006 budget includes additional funds for mowing contracts, equipment, and park improvements.

Building Maintenance includes \$906,620 for roof repairs and other maintenance expenditures. In addition, the FY 2006 budget includes a contingency for unexpected costs to complete the Government Center HVAC project.

Fleet Services includes funds for vehicle repair and maintenance.

The ***Commissioner's Office*** oversees the management of the government's telephone system, utilities, parking facilities, rental facilities, pool vehicle fleet, security, and special events.

Outside Agencies

\$15,421,480

Outside agencies account for approximately six percent of all General Services District expenditures. Funding for outside agencies has decreased by over \$2 million. This is primarily the result of providing local funding for LexTran through a new ad valorem tax for FY 2006 and making Tenant Services a LFUCG program under the Division of Adult Services.

Additional funding is included for Metro Group Homes to provide emergency youth housing in lieu of the LUCG's Coleman House.

The *Lexington Public Library* receives 70 percent of the total outside agency funding (\$10.8 million) due to a legal requirement that mandates the government to provide a funding level of 5 cents per \$100 assessed valuation of taxable property in Fayette County.

Budget In Brief**Outside Agencies**

Organization	FY 2005	FY 2006	Difference
Airport Board	\$ -	\$ 50,000	\$ 50,000
Baby Health Service	16,150	16,000	(150)
Bluegrass Area Development Dist.	51,810	71,810	20,000
Bluegrass Community Action	17,820	20,000	2,180
Bluegrass Domestic Violence Prgm.	-	66,530	66,530
Bluegrass Technology Center	1,780	2,370	590
Carnegie Literacy Center	53,500	53,500	-
Center for Women, Children, and Families	22,060	22,060	-
Commerce Lexington	50,000	90,490	40,490
Community Action Council	151,050	163,260	12,210
Community Reinvestment Alliance	13,840	15,000	1,160
Comprehensive Care Center	194,750	194,750	-
Downtown Arts Center	128,250	128,250	-
Downtown Development Authority	75,000	173,000	98,000
Downtown Lexington Corporation	50,000	50,000	-
Environmental Commission	2,680	2,680	-
Explorium of Lexington	237,500	237,500	-
Group Home	47,500	152,000	104,500
Hope Center	199,500	318,770	119,270
Human Rights	125,210	125,210	-
Legal Aid/Public Defender	108,540	108,540	-
Lexington Center Corporation	1,850,000	2,160,000	310,000
Library Board	10,267,490	10,826,460	558,970
Manchester Center	14,250	14,250	-
Nursing Home Ombudsman	36,000	45,000	9,000
Operation Read	27,550	27,550	-
Rape Crisis Center	47,500	67,500	20,000
Reach Incorporated	-	4,000	4,000
Salvation Army	79,170	100,000	20,830
Tenant Services	118,750	-	(118,750)
Transit Authority	3,404,020	-	(3,404,020)
World Trade Center	90,000	105,000	15,000
YWCA - Phillis Wheatley Cntr.	-	10,000	10,000
YWCA - Spouse Abuse Center	50,820	-	(50,820)
Total All Agencies	\$17,532,490	\$15,421,480	\$(2,111,010)

Budget In Brief

General Government

\$23,184,190

371.8 FTE

General Government programs include: Council Office, Office of the Mayor, Special Projects, Internal Audit, Administrative Services, Constitutional and Judicial Officers, Contingency, Finance, and Law.

Program	FY 2005	FY 2006	Change
Council Office	\$1,501,240	\$ 2,034,340	\$ 533,100
Citizens' Advocate	138,770	168,500	29,730
Council Clerk's Office	546,000	705,360	159,360
Internal Audit Office	234,890	356,470	121,580
Mayor's Office	1,536,560	1,753,110	216,550
Special Projects	620,530	687,480	66,950
Chief Administrative Officer	766,490	1,577,140	810,650
Administrative Services	7,931,300	12,777,910	4,846,610
Contingency/Indirect Cost	(7,844,920)	(9,964,700)	(2,119,780)
Constitutional and Judicial	1,984,550	2,600,420	615,870
Finance	7,421,450	8,435,460	1,014,010
Law	1,729,590	2,052,700	323,110
Total	\$16,566,450	\$ 23,184,190	\$6,617,740

The *Council Office* budget for Council Neighborhood Development Funds (NDF) is increased by \$60,000, and one position will be abolished and five positions will be added during FY 2006.

The *Mayor's Office* budget includes \$56,930 for Youth Violence Prevention and \$35,000 for Downtown Improvements. The Mayor's Office proposed budget was reduced by over \$718,000 by the Council.

The *Special Projects* budget is detailed in the following chart. Funding for the Christmas Chorus Program is offset by anticipated contributions. Uniformed Services funding

Budget In Brief

will be used for Veterans' Day, Memorial Day, and Armed Forces Day events.

Special Projects

Program	FY 2005	FY 2006	Difference
Arts Program	\$255,000	\$300,000	\$45,000
Bluegrass State Games	11,250	11,250	-
Christmas Chorus	43,500	43,500	-
Community Tree Lighting	-	3,500	3,500
Corridor Program	25,000	100,000	75,000
Eldercrafters	17,390	18,020	630
MLK Celebration	8,100	10,000	1,900
Neighborhood Match	25,000	25,000	-
Race Relations	15,230	15,230	-
Roots & Heritage	40,720	43,720	3,000
Shakespeare in the Park	10,260	10,260	-
Sister Cities	31,830	39,000	7,170
Sports Authority	11,250	15,000	3,750
Sweet 16	16,000	18,000	2,000
Uniformed Services	35,000	35,000	-
YMCA	75,000	-	(75,000)
Total	\$620,530	\$687,480	\$66,950

The *Administrative Services* budget includes \$325,210 for personnel and operating costs and \$800,210 for debt payments⁶ for the *Purchase of Development Rights (PDR)* program. In addition, funding for *Risk Management's* administrative functions has been moved from the self-insurance fund to this section of the General Fund.

The CAO's Office budget includes nearly \$750,000 in implementation costs for the new financial and human resource software system (Enterprise Resource Plan - ERP).

Contingency and Indirect Cost budgets include \$800,000 to address employee pay inequities. Also included was a \$1 million cut to capital projects, but this has changed since adoption. Council voted to pay for the additional police cars with notes rather than cash (\$525,000) and reduce budgeted fund balance by \$475,000.

⁶ Includes payment on a \$7.5 million bond issue (2001) and interest payment for a proposed \$3 million bond issue.

Budget In Brief

The *Finance Department* includes funding for three positions to staff a new Parking Authority, if approved by Council.

Public Works

\$14,312,950
178.0 FTE

Public Works is comprised of five divisions providing public services in the areas of Engineering, Solid Waste, Streets, Roads, and Forestry, Traffic Engineering, and Sanitary Sewers.⁷

Program	FY 2005	FY 2006	Change
Engineering	\$4,094,130	\$4,913,140	\$819,010
Traffic Engineering	3,640,220	4,040,420	400,200
Streets, Roads, & Forestry	3,511,000	4,820,140	1,309,140
Commissioner	509,980	539,250	29,270
Department Total	\$11,755,330	\$14,312,950	\$2,557,620

Engineering's budget includes approximately \$1.7 million for storm water management projects in Engineering. This includes \$1,338,860 for the debt payment on the \$10.6 million storm water bonds issued in FY 2002, payment on a 2003 bond issue of \$2.5 million, interest for a proposed \$3 bond issue, and \$927,450 for other storm water projects (detailed in the following table).

⁷ Sanitary sewer, street light, street cleaning, refuse collection, and refuse disposal services are accounted for in other funds.

Budget In Brief

General Fund Storm Water Projects

Description	FY2005	FY2006	Difference
Storm Water Monitoring	\$150,000	\$205,000	\$55,000
Watershed Models	-	120,000	120,000
Flood Proofing	-	65,000	65,000
Water Quality	25,690	131,950	106,260
Rain Gauge Program	92,100	100,000	7,900
Storm Drain Rehab/Reconstruction	110,000	125,000	15,000
Detention/Retention Basin Maintenance	-	60,000	60,000
Capital Projects	-	125,000	125,000
Total	\$377,790	\$931,950	\$554,160

Funding in the division of *Traffic Engineering* includes:

- \$40,000 for the Neighborhood Traffic Management (Traffic Calming) program.
- \$80,000 for Fiber Optic Cabling grant match, and \$40,000 for fiber optic cabling ineligible for grant funding.
- \$78,000 additional grant match for traffic signal upgrades and other improvements.

The *Streets, Road, and Forestry* budget includes \$278,770 for roadway salt and \$50,000 for small street projects. (See the MAP Fund section on 40 for resurfacing information.)

Budget In Brief

Social Services

\$11,337,620
203.7 FTE

The Department of Social Services consists of the Divisions of Adult Services, Family Services, Youth Services, and the Mayor's Training Center.

Program	FY 2005	FY 2006	Change
Family Services	\$4,263,100	\$5,216,230	\$953,130
Youth Services	2,510,110	2,744,850	234,740
Adult Services	1,125,650	1,092,370	(33,280)
Training Center	1,041,110	1,209,970	168,860
Commissioner	759,890	1,074,200	314,310
Department Total	\$9,699,860	\$11,337,620	\$1,637,760

- **Family Services** provides childcare, education, health, and social services at the Family Care Center, a program to assist families in becoming self-sufficient. As a result of the Kentucky Children's Health Insurance Plan (K-CHIP), greater numbers of children are being seen at the clinic. Reimbursement in excess of \$1.7 million is expected from the state Medicaid program to offset the cost of providing health and dental care services during FY 2006. The FY 2006 budget includes funding for two new positions.
- **Youth Services** provides social and counseling services for children and their families. The division also oversees the application of the juvenile justice system in Fayette County. The new Day Treatment facility will officially open on October 13, 2005. The debt service budget includes funds for payment of the bonds issued to build the facility. The Coleman House Emergency Shelter program will be transferred to the Metro Group Homes agency. This outside agency will provide services for children up to age 18 who need to be

Budget In Brief

removed from their homes due to neglect, abuse, status offenses, or pre-delinquency.

- *Adult Services* provides assistance in crisis situations to help individuals pay rent and utilities, and offers financial help with payment of landfill and sewer user fees, sewer assessments, and sidewalk repairs. In addition Tenant Services, formerly an outside agency, will become a program under the Division of Adult Services for FY 2006
- The *Mayor's Training Center* provides training, educational, and employment services to Fayette County residents and employers.
- In addition to departmental administrative support, the *Commissioner's Office* includes domestic violence prevention, immigrant, and aging services. The operations of the Lexington Senior Citizens Center have been moved from the Division of Adult Services to a new program under the Commissioner's Office, the Office of Aging Services.
- Federal grant funds continue to be available to provide staffing for the following social services programs:
 - Lexington Senior Citizens Center, a centralized facility providing social services to the elderly.
 - Day Treatment Center, a community-based treatment program for teenage youths.

Budget In Brief**General Services District Fund
Expenditures by Department⁸**

Departments/Divisions	FY 2006	FTE⁹
Council Office	\$2,034,340	35.0
Citizens' Advocate	168,500	2.0
Council Clerk	705,360	7.5
Internal Audit	356,470	4.0
Office of the Mayor	1,753,110	21.8
Mayor's Office	1,362,190	16.0
Office of Economic Development	215,530	4.0
Youth Programs	175,390	1.8
Special Projects	687,480	-
Office of the CAO	1,577,140	13.0
Administrative Services	12,777,910	146.8
Purchase of Development Rights	1,125,420	2.0
Budgeting	500,090	6.0
Government Communications	1,311,590	27.3
Human Resources	3,369,940	36.5
Risk Management	2,907,920	18.0
Historic Preservation	342,350	5.0
Community Development	1,100,580	17.0
Planning	2,120,020	35.0
Insurance	3,420,000	-
Contract Debt	21,446,920	-
Contingency/Indirect Cost	(9,964,700)	-
Constitutional Officers and Judicial	2,600,420	19.0
Finance	8,435,460	102.0
Commissioner's Office	628,690	5.0
Accounting	687,250	11.0
Computer Services	4,015,560	38.0
Revenue	2,566,220	40.0
Purchasing	537,740	8.0
Public Works	14,312,950	178.0
Commissioner's Office	539,250	5.0
Engineering	4,913,140	55.0
Streets, Roads, and Forestry	4,820,140	76.0
Traffic Engineering	4,040,420	42.0

⁸ See pages 16-26 for comparisons to prior year.⁹ Full-time equivalent positions.

Budget In Brief**General Services District Fund
Expenditures by Department**

Departments/Divisions	FY 2006	FTE¹⁰
Law	2,052,700	20.7
Public Safety	135,537,830	1,830.5
Commissioner's Office/Pension	3,594,490	3.0
DEEM	701,630	10.5
Community Corrections	29,366,800	404.0
Police ¹¹	49,632,580	757.0
Enhanced 911	42,370	-
Fire and Emergency Services ¹²	47,806,850	586.0
Code Enforcement	1,711,750	25.5
Building Inspection	2,666,570	44.0
Alcohol Beverage Control	14,790	0.5
Social Services	11,337,620	203.7
Commissioner's Office	1,074,200	19.0
Adult Services	1,092,370	16.3
Family Services	3,491,950	78.6
Health Care Services	1,724,280	15.8
Youth Services	2,744,850	53.5
Mayor's Training Center	1,209,970	20.5
General Services	28,844,860	384.5
Commissioner's Office	2,937,050	31.0
Fleet Services	3,285,740	52.5
Building Maintenance	4,987,510	61.5
Parks and Recreation	17,634,560	239.5
Outside Agencies	15,421,480	-
Library	10,826,460	-
Other Agencies	4,595,020	-
Total General Services District	\$253,505,850	2,968.5

¹⁰ Full-time equivalent positions.

¹¹ 568 sworn, 189 non-sworn

¹² 545 sworn, 41 non-sworn

Budget In Brief

General Services District Revenue

General Services Fund revenues are estimated at \$240,612,690 for FY 2006, or a 10.2 percent increase over FY 2005 revenues (see page 11).

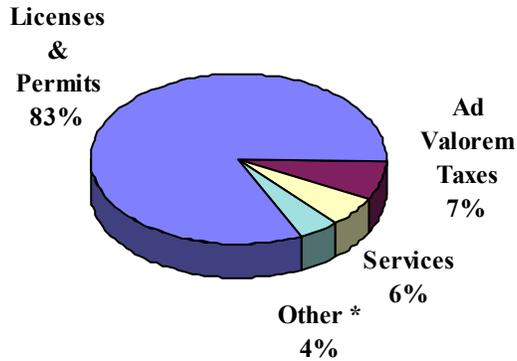
Category	FY 2006 Budget
Licenses and Permits	\$198,821,890
Ad Valorem Taxes	17,021,000
Services	14,001,840
Detention Centers Revenue *	4,501,000
Miscellaneous *	3,749,410
Intergovernmental *	2,174,000
Fines and Forfeitures *	343,550
Total Revenue	\$240,612,690
Release of 27 th Pay Reserve	4,339,310
July 1, 2005, Estimated Fund Balance	10,000,000
Total Available Funds	\$254,952,000

* Compiled as "Other" on chart on page 31.

Licenses and permits revenue is the largest single category of revenue in the General Services District Fund, accounting for 83 percent of all revenues. This category includes revenue from employee withholdings, franchise permits, insurance premium tax, and net profits license fee on businesses.

The second largest category of revenue in this fund (7 percent) comes from *ad valorem* (property) taxes. The LFUCG levies two categories of property taxes: (1) a county-wide tax (General Services District) for the support of the general operations of the government; and (2) an Urban Services Districts tax paid by residents receiving government services of refuse collection, street lights, and street cleaning (see page 35).

**General Services District
Revenue by Category
\$240,612,690**



The FY 2006 budget assumes maintaining the General Services property tax rate on real property at **8.0 cents per \$100 assessed value** (personal property rate 9.9; motor vehicle rate 8.8).

NOTE: The LFUCG is required by law to provide funding for the Lexington Public Library at a level based on 5 cents per \$100 assessed value of property subject to taxation in Fayette County. The FY 2006 appropriation to the Library is \$10,826,460. Total ad valorem revenues are forecast to be \$17,021,000. Property tax, therefore, only provides \$6.19 million to the general operations of the government.

Additional sources of revenue in the General Fund are *services* (golf course fees, EMS fees, etc.), *finer*, *detention*, *intergovernmental*, and *miscellaneous* revenues.

Beginning Fund Balance

Revenues for a budget year are estimated 18 months in advance of total collections; therefore, conservative estimates are essential. Current year projections are revised during the budget process when better information is available. This may result in the recognition of additional funds that are carried over to the following budget year as a *beginning fund balance*.

The estimated beginning fund balance for FY 2006 of \$10,000,000 reflects an improvement in the local economy during FY 2005 and a projection of unspent personnel and operating funds.

Unbudgeted Revenue	\$5,725,000
Unspent Personnel and Operating	4,275,000
<u>7/1/05 Estimated Fund Balance</u>	<u>\$10,000,000</u>

FY 2006

Urban Services Districts Fund

Urban Services Districts Fund**Summary of Revenue and Appropriations**

Category	FY 2005	FY 2006	Difference
<i>Revenue</i>			
Ad Valorem	\$25,349,000	\$26,737,400	\$1,388,400
Licenses and Permits	823,000	1,296,000	473,000
Services	38,000	-	(38,000)
Miscellaneous	1,113,500	1,685,000	571,500
Total Revenue	\$27,323,500	\$29,718,400	\$2,394,900
Fund Balance, July 1 (Estimated)	11,500,000	11,200,000	(300,000)
Total Available Funds	\$38,823,500	\$40,918,400	\$2,094,900
<i>Appropriations</i>			
Personnel	\$13,375,390	\$14,764,620	\$1,389,230
Debt Service	198,060	198,670	610
Insurance	772,090	887,450	115,360
Operating	11,421,560	11,644,360	222,800
Transfers To\ (From) Other Funds	179,210	183,550	4,340
Total Operating	\$25,946,310	\$27,678,650	\$1,732,340
<i>Capital</i>			
CIP Capital	\$2,500,000	\$540,000	\$(1,960,000)
Operating Capital	3,199,400	5,499,060	2,299,660
Total Capital	\$5,699,400	\$6,039,060	\$339,660
Total Appropriations	\$31,645,710	\$33,717,710	\$2,072,000
Fund Balance, June 30 (Estimated)	\$7,177,790	\$7,200,690	\$22,900

Budget In Brief

Urban Services Districts Fund

In addition to the basic services provided to all residents of Fayette County, property owners in the urban services area have one or more of the following services available to them: *refuse collection, street lights, and street cleaning*. These services are funded by an additional ad valorem tax paid only by the property owners in the respective service districts.

Summary of Revenue and Appropriations By Service

Category	Refuse Collection	Street Lights	Street Cleaning
Revenue			
Ad Valorem Taxes	\$22,368,050	\$3,133,090	\$1,236,250
Other	2,669,530	223,350	88,130
Total Revenue	\$25,037,580	\$3,356,440	\$1,324,380
Fund Balance, July 1	6,670,450	3,662,440	867,110
Total Available	\$31,708,030	\$7,018,880	\$2,191,490
Appropriations			
Direct Expenditures			
Personnel	\$13,512,680	\$ -	\$761,000
Operating	6,312,980	3,251,000	229,590
Capital	4,696,260	450,000	-
Other Costs	3,869,490	343,380	291,330
Total Appropriations	\$28,391,410	\$4,044,380	\$1,281,920
Fund Balance, June 30	\$3,316,620	\$2,974,500	\$909,570

A total of 283.2 full-time equivalent positions are authorized for the Urban Services Districts Fund.

Division	FTE
Government Communications	0.2
Street Cleaning	16.0
Refuse Collection	267.0
Total	283.2

Budget In Brief

Urban Services Fund Expenditures By Department or Function

Department/Function	FY 2005	FY 2006	Difference
Insurance	\$772,090	\$887,450	\$115,360
Contract Debt	198,060	198,670	610
Indirect Cost/Contingency	2,493,380	2,034,210	(459,170)
Government Communications	397,810	454,790	56,980
Annual Audit/ERP	14,900	815,690	800,790
Personnel Programs	13,840	13,840	-
Public Works	25,923,060	\$25,871,140	\$(51,920)
Street Cleaning	992,890	990,590	(2,300)
Refuse Collection	21,296,170	21,179,550	(116,620)
Street Lights	3,634,000	3,701,000	67,000
General Services	1,832,570	\$3,441,920	\$1,609,350
Administration	10,500	10,500	-
Vehicles	1,422,000	3,020,000	1,598,000
Vacuum Leaf Collection	335,590	372,920	37,330
Building Maintenance	64,480	38,500	(25,980)
Total Urban Services	\$31,645,710	\$33,717,710	\$2,072,000

The increase in *insurance* is due to an increase in the casualty loss budget for FY 2006.

Contract debt provides debt payments for the sanitation building.

An *indirect cost* payment is made to the General Services Fund (\$1,844,210) for administrative costs not directly charged to this fund (such as accounting, purchasing, payroll, etc.).

The *contingency* budget includes the budgets for termination pay (\$100,000 for unused sick and vacation hours); vacancy credit (\$830,000); and funds to transfer solid waste workers from non-hazardous to hazardous coverage with the County Employees Retirement System (\$920,000). Kentucky Retirement Systems' Board of Trustees denied this request, and the appeal is pending in the Franklin Circuit Court.

Budget In Brief

Government Communications includes the budgets for LexCall and Public Information. Program costs for LexCall are allocated among three funds based on actual calls received. Sixty-five percent of the total cost is allocated to the Urban Services Fund. Public Information provides public education services for the refuse collection, street light, and street cleaning programs.

The \$14,900 budget for **personnel programs** provides for the alcohol and drug testing program, commercial driver license costs, and occupational wellness programs.

Refuse collection is provided once each week to approximately 69,000 households. Business, institutional, and other non-residential waste is collected through the dumpster program. The recyclables of over 43,000 households are collected once each week. Yard waste containers and bags are provided for once per week collection to residents receiving LFUCG trash collection services.

The Division of Parks and Recreation administers the **vacuum leaf collection** program. This service is provided only to those properties within the Urban Services Districts that have LFUCG refuse collection service.

Approximately 700 additional **street lights** are installed in Fayette County annually. This budget includes \$450,000 for installation of these additional street lights. The utility expense is budgeted at \$3,251,000, a \$67,000 increase over FY 2005. The increase reflects the cost for additional street lights.

The Division of Streets, Roads, and Forestry provides **street cleaning** in the urban services area.

Urban Services Revenue Sources

Total resources available for FY 2006 expenditures in the Urban Services Fund include a projected beginning fund balance of \$11.2 million and revenues of \$29.7 million. The largest single category of revenue to the Urban Services Districts Fund is *ad valorem*, or property taxes. Property taxes account for 90 percent of the total revenues, and are estimated at \$26.7 million for the 2005 tax year (FY 2006).

Urban Services property taxes are determined by a separate rate established for each service available. The tax rates will be adopted in September of 2005. The current rates per \$100 of assessed value on real property are:

NOTE: Revenue raised from Urban Services Districts' property taxes cannot be used to fund the general operations of the government.

Service	Current Rate
Refuse Collection	16.00 cents
Street Lights	02.10 cents
Street Cleaning	00.94 cents
<i>Full Urban Rate</i>	19.04 cents

If **all** of the services are available, the property is located in the ***Full Urban Services District***. If one or two of the services are available, the tax rate is based on the particular service(s) available.

The urban service property tax rates were reduced during FY 2005 by 2.0 cents (1.5 cents in the refuse collection rate and .5 cents in the street lights rate).

FY 2006

Other Funds

Budget In Brief

Special Revenue Funds

Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted for specified expenditures. The government operates two special revenue funds. In addition, state and federal grants are also considered special revenue funds.

Municipal Aid Fund (MAP)	\$4,299,680
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Fayette County receives a share of the state gasoline tax revenues (allocation is based on population). Use of these funds is restricted to certain expenditures related to the construction, reconstruction, or maintenance of **urban streets and roads**.

Summary of Revenues and Appropriations Municipal Aid Fund

	FY 2005	FY 2006	Difference
<i>Revenue</i>			
State MAP Funds	\$4,000,000	\$4,170,040	\$170,040
Interest Income	33,000	130,000	97,000
<i>Total Revenue</i>	<i>\$4,033,000</i>	<i>\$4,300,040</i>	<i>\$267,040</i>
Fund Balance, July 1 (Estimated)	-	-	-
<i>Total Available</i>	<i>\$4,033,000</i>	<i>\$4,300,040</i>	<i>\$267,040</i>
<i>Expenditures</i>			
Engineering	\$1,539,250	\$1,879,170	\$339,920
Streets, Roads, and Forestry	1,650,000	2,350,000	700,000
Traffic Engineering	-	70,510	70,510
Transfer To General Fund	800,000	-	(800,000)
<i>Total Expenditures</i>	<i>\$3,989,250</i>	<i>\$4,299,680</i>	<i>\$310,430</i>
Fund Balance, June 30 (Estimated)	\$43,750	\$360	(\$43,390)

The FY 2005 budget included a transfer of MAP funds to the General Fund for eligible personnel costs in the Division of Streets, Roads, and Forestry (\$800,000). This transfer has

Budget In Brief

been deleted for FY 2006 in order to provide additional funds for street resurfacing.

MAP projects for FY 2006 include **\$2,420,510 for resurfacing** (including \$570,510 for Man O' War and \$100,000 for intersections), and \$1,836,000 for the following road projects.

Project	Grant	FY 2006 Local Funds	State and Federal Grant Funds	Stage ¹³
Alumni Drive	yes	\$8,575	\$34,300	c
Citation Boulevard, Phase 2	yes	1,300,000	5,200,000	r
Loudon Avenue	yes	70,000	280,000	u
South Elkhorn Trail, Phase 2	yes	69,000	276,000	c
Town Branch Trail	yes	6,000	24,000	c
Man O' War @ Nicholasville Pvmnt.	no	200,000	-	c
Saron Drive	no	100,000	-	c
Ward Drive	no	35,000	-	c
Newtown Pike @ Citation Signal	no	22,425	-	c
Handicap Ramps	no	10,000	-	c
Project Testing	no	5,000	-	c
Small Projects	no	10,000	-	d, r, c
<i>Total</i>		\$1,836,000	\$5,814,300	

County Road Aid ¹⁴	\$834,520
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Use of these state gasoline tax revenues is restricted to expenditures related to **county roads**. Projects include resurfacing, crack sealing, culvert and bridge repairs, guardrail installation, and other road repairs. The FY 2006 budget includes additional funds (\$308,722) from the Office of Rural and Secondary Roads for resurfacing projects on Royster, Gentry, and Old Versailles Roads.

¹³ Key of project stages: d = design; r = right-of-way; u = utilities; c = construction; re = resident engineer

¹⁴ The County Road Aid budget was adopted by amendment after the adoption of the annual budget had been completed.

Budget In Brief

Grant Funds	\$17,439,340
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State and federal grant funds of approximately \$13.8 million are anticipated for FY 2006. The LFUCG will provide almost \$3.6 million in matching funds for these grants. The following table lists information on some of the major grants that have been awarded to date. A more extensive list will be included in the FY 2006 Annual Budget document. Additional grants will be budgeted throughout the year as they are awarded.

Grant	Federal & State Funds	Local & Other Funds	Total Grant
HOME/ADDI	1,540,590	585,890	2,126,480
Training Incentive - Police	2,085,711	-	2,085,711
Training Incentive - Fire	1,994,199	-	1,994,199
Assistance to Firefighters	1,000,000	250,000	1,250,000
Meadow/Northland/Arlington - Public Improvements	800,000	-	800,000
Housing Rehabilitation - Loans	410,510	235,250	645,760
Nicholasville Road Reversible Lanes	400,000	100,000	500,000
New Chance	328,040	89,330	417,370
Day Treatment	159,120	254,650	413,770
Fiber Optic Cable Installation - CMAQ	320,000	80,000	400,000
Housing Rehabilitation - Operations	254,280	145,720	400,000
ITS/CMS-SLX Projects	312,000	78,000	390,000
FHWA Transportation Planning	292,900	51,690	344,590
M.A.S.H. Drop Inn	165,000	165,000	330,000
Home Network	284,360	44,500	328,860
Pope House Restoration Project	250,000	62,500	312,500
Justice Assistance	266,910	-	266,910
Senior Citizens Center	72,000	151,470	223,470
Emergency Shelter	91,620	91,620	183,240
Child Care Food Program	56,090	124,010	180,100
CDBG Administration	180,000	-	180,000
Bicycle Plan Project	132,000	33,000	165,000
National School Lunch	74,590	195,560	270,150
Carver Center Elevator	150,000	-	150,000
Cold Case Squad Project	112,500	37,500	150,000
Drug Free Communities	75,000	75,000	150,000
Emergency Management Assistance	74,760	74,760	149,520
S.A.N.E.	43,070	95,450	138,520
Summer Food Service - Housing	85,140	50,000	135,140
Other Grants	1,830,660	527,390	2,358,050
Total	\$13,841,050	\$3,598,290	\$17,439,340

Budget In Brief

Capital Projects Funds

Bond Projects	\$5,607,000
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General obligation bonds will be issued for the following capital projects:

- \$2.0 million for the Purchase of Development Rights program.
- \$2.3 million for Park's capital improvement projects.
- \$1.3 million for voting machines.

Enterprise Funds

Enterprise funds are those funds in which operations are supported primarily by charges for services.

Sanitary Sewers	\$47,104,450
Operating and Construction Funds	149.0 FTE

The Sanitary Sewer Fund accounts for the expenses associated with collecting, transporting, and treating all sanitary sewage in Fayette County and the Industrial Pre-treatment program. The fund is supported primarily by sewer user fees based on water consumption that were initiated in July 1982. These fees replaced property tax funding of the sanitary sewer system, as mandated by the Environmental Protection Agency. Since July 1, 1995, the Kentucky-American Water Company has billed and collected sewer user fees for the government.

During FY 2001, \$25.2 million in bonds were sold for rehabilitation projects outlined in the 20-year Sanitary Sewer Capital Improvement Plan. The capital plan includes two components: the 201 Plan and the Sanitary Sewer Overflow Plan. The FY 2006 budget includes the issuance of another \$14.5 million in bonds to continue the projects.

Budget In Brief

Sanitary sewer user fees provide the funding for the debt service on the bonds and provide funding for any non-bond funded sewer projects. In addition, the fees pay for the staff, maintenance, and operations of the two wastewater treatment plants and other facilities and services required to support the LFUCG sanitary sewer system.

The 201 Plan is a federally-mandated/state-enforced capital improvement program for the LFUCG sanitary sewer system. The Sanitary Sewer Overflow Plan (SSO Plan) is a comprehensive sanitary sewer line/watershed rehabilitation program to address major sanitary sewer overflow problems. The SSO Plan requires the identification of all overflow locations within the collection system.

The FY 2006 budget includes \$3.2 million to continue the implementation of the SSO Plan (inflow and infiltration prevention), \$10.2 million to begin the North Elkhorn Pump Station project, \$6.1 million for the South Elkhorn Pump Station project, and \$2.1 million to continue the Town Branch Treatment Plant expansion.

Sanitary Sewer Fund revenue is projected at \$40,632,000 for FY 2006 and will come from the following sources:

- \$24,170,000 from User Fees
- \$14,500,000 from Bond Proceeds
- \$1,500,000 from Tap-On Fees
- \$380,000 from Interest Earnings
- \$82,000 from Other Revenue

Sanitary Sewer Fund revenues are restricted to current year operating and capital expenses. All funds remaining at year-end are placed into a restricted reserve for capital improvements.

Budget In Brief

Landfill	\$9,679,060 4.2 FTE
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The Landfill Fund was established in 1995 to account for the revenues and expenses associated with the capping and closure of the landfills in Fayette County and the on-going costs of refuse disposal. State and federal regulations have mandated significant changes in the requirements for designing, constructing, operating, managing, maintaining, and closing landfills. The revised requirements have imposed extraordinary expenses on the government. A solid waste disposal fee was established to fund the increased cost of capping and closing the government's landfill and for the expense of a solid waste disposal contract. FY 2006 total Landfill Fund revenues are projected at approximately \$7.6 million.

The FY 2006 capital budget includes \$2.8 million for capping costs at the *Haley Pike* landfill, \$30,000 for the corrective action plan for the closed *Raven Run* landfill, \$486,220 in post closure costs, and \$30,000 for final closure costs at the *Old Frankfort Pike* landfill.

The landfill closure reserve consists of the fund balance as of June 30, 1997, and is increased annually based on excess revenues over expenses. The reserve is estimated to be \$16.7 million at the end of FY 2005, and can only be used to pay the costs of landfill closure or extraordinary operating expenses that exceed available revenues.

Budget In Brief

Right-of-Way Program	\$326,290 5.0 FTE
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The Right-of-Way Program Fund was established in FY 2004 to account for the revenues and expenses associated with the adoption of the Right-of-Way ordinance.

Fees are projected to provide approximately \$318,000 in FY 2006 for the operation of the program.

Extended School Program	\$1,705,690 34.5 FTE
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The Extended School Program Fund was created in FY 1994 to account for the revenues and expenses of an after-school program administered by the Division of Parks and Recreation in various Fayette County Public Schools.

Fees are projected to provide approximately \$1,550,570 in FY 2006 for the operation of the program.

Participating schools include: Stonewall Elementary, Deep Springs Elementary, Dixie Elementary, Meadowthorpe Elementary, Julia R. Ewan Elementary, Yates Elementary, Arlington Elementary, Jessie Clark Middle, Northern Elementary, Linlee Elementary, Veterans Park Elementary, Russell Cave Elementary, Edythe J. Hayes Middle, and Breckinridge Elementary.

Enhanced 911	\$2,889,070 5.0 FTE
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On January 1, 1996, a monthly fee of 95 cents per phone line was applied to Fayette County residents' phone bills in order to provide funding for an **Enhanced 911 (E-911) system**. The fee was increased for the first time during FY 2005 to \$1.31.

Budget In Brief

This system saves time and communicates information even when a caller cannot – by providing a resident’s name, telephone number, and address. A major improvement to the system was the linking of **E-911** to the GIS system. When an **E-911** call is received, the calltaker automatically sees a map, pinpointing the location of the caller.

This fund pays for 24 percent of the personnel costs for 911 emergency calltakers and dispatchers in the police and fire divisions (the balance of the personnel cost is paid by the General Services District Fund). In the past, the General Fund provided annual subsidies (based on projected expenses) to this fund when necessary. The fee increase during FY 2005 was planned to eliminate the need for these subsidies.

Total fund resources are \$2,942,020, with \$2,345,000 projected to come from **E-911** fees (including \$413,000 for wireless calls), \$8,000 from interest income, and \$589,020 from fund balance.

Public Corporations	\$9,131,170
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Due to prior state constitutional restrictions, the government did not issue general obligation bonds until FY 2000. Instead, mortgage revenue bonds were issued through various public corporations in order to finance public projects. “Lease payments” from the General Services District and Urban Services Districts Funds are combined with revenues generated by the operation of the projects in order to make debt service payments on these prior bond issues.

The **Public Facilities Corporation** (\$6,995,630) financed various projects through bank and mortgage notes and the issuance of revenue bonds. Projects included government buildings, parks, swimming pools, fire stations, and other public buildings.

Budget In Brief

The **Public Parking Corporation** (\$1,289,800) issued bonds to finance the construction of a downtown transit center, parking garage, and the Martin Luther King Boulevard construction project; and for the construction of the Victorian Square parking structure. Obligations are paid from operations of the public parking facilities and from General Fund appropriations.

The **Fayette County Detention Center Corporation Funds** (\$194,140) account for the revenues and expenses associated with a note issued to finance the land purchase for the new detention facility. Construction of the new adult detention facility was financed through general obligation bonds and is not included in the Public Facilities Fund.

FY 2004 included the final payment on the bonds for the Clark Street facility, and FY 2005 included the final payment on the bonds for the juvenile detention facility.

The **Parks Projects Fund** (\$651,600) accounts for the use of dedicated fees for acquisition of park land and golf course improvements.

A dedicated building permit fee was passed in 1983, and in 1995 the ordinance imposing this fee was clarified to restrict its use to park land acquisition. For FY 2006 this revenue source is estimated to provide \$550,000 for this purpose.

Dedicated revenues from golf fees are estimated at \$101,600 for FY 2006. These revenues are restricted to golf course improvements.

Internal Service Funds

Internal Service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. The LFUCG operates two internal service funds.

Health, Dental, Vision	\$25,767,130
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The government offers health, dental, and vision care insurance options to LFUCG employees under self-insurance plans administered by various third parties. The FY 2006 budget of \$25.7 million is funded through premiums paid by the government for all full-time employees; premiums paid by employees with family coverage; and premiums paid by certain non-employee groups that are allowed to participate in this plan. This includes City Employees' Pension Fund retirees, Policemen's and Firefighters' Retirement Fund retirees, and employees of other affiliated agencies.

The Human Resources budget in the General Fund includes funding for a position that is responsible for coordinating and designing LFUCG health care plans, managing major medical claims, providing information for the prevention and control of healthcare costs, and managing all wellness issues.

Prior to FY 2002, Anthem was the only health care insurance included in the self-insurance fund.

Workers' Compensation/Liability	\$4,500,000
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The government's Division of Risk Management administers the workers' compensation, property and casualty, and general liability insurance programs. The government reduces financial risks by purchasing reinsurance when feasible. Administration of these programs is combined with

Budget In Brief

a risk management program designed to identify potential exposures to loss and reduce or eliminate risk and losses. The FY 2006 budget of \$4.5 million is funded through premiums paid from the General Services Fund, Urban Services Fund, and Sanitary Sewer Fund in proportion to risk exposure associated with the personnel and physical assets of each fund.

The administrative costs and positions formerly budgeted in this fund have been moved to the General Fund for FY 2006. The costs will continue to be shared among the participating funds.

Fiduciary Funds

Fiduciary funds account for assets held by a governmental unit in a trustee capacity. The LFUCG operates three fiduciary funds.

City Employees' Pension	\$2,157,550
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The City Employees' Pension Fund (CEPF) was the retirement system of the city of Lexington covering civil service employees prior to merger with Fayette County. The plan was organized in 1939 and closed to new members in 1973. Members of the CEPF completed the process for transferring to the County Employees Retirement System in November 1992. The fund is administered by a self-governing board of trustees and funded by government and employee contributions of 17.5 percent and 8.5 percent of salary, respectively. Only one current employee remains with the CEPF.

The FY 2006 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees (\$89,800). The government also pays certain other administrative costs.

Budget In Brief

Policemen's and Firefighters' Retirement	\$32,094,680
	1.0 FTE

The Policemen's and Firefighters' Retirement Fund is a defined benefit pension plan covering all sworn personnel of the Urban County Government's police and fire divisions. The fund is administered by a self-governing board of trustees and funded by government and employee contributions. For FY 2006 the government's contribution rate increases from 21 to 23 percent of salary, while the employee contribution remains at 11 percent.

The FY 2006 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees (\$2,319,900). The government also pays certain other administrative costs.

Public Library Corporation	\$291,140
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The Public Library Corporation was formed in 1985 to manage funds provided to the Lexington Public Library from the government as a result of an increased assessment (the government is required by law to provide a funding level of 5 cents per \$100 assessed valuation of taxable property). The Library Corporation's long-range financial plan includes retirement of bonds issued to finance construction of the Central Library, expansion of library materials, and construction of additional branches.

The FY 2006 budget provides for payment on the bonds issued to finance the construction of a replacement of the Tates Creek Library branch.

FY 2005 - 2006 Budget Formulation Calendar

November	December	January
<ul style="list-style-type: none"> • Budget Forms Prepared • Budget guidelines developed for the next fiscal year 	<ul style="list-style-type: none"> • Forms Distributed to Outside Agencies • Forms Distributed to Departments 	<ul style="list-style-type: none"> • Revenue Estimates Gathered • Outside Agencies and Departments Submit Budget Requests
February	March	April
<ul style="list-style-type: none"> • Budgeting Reviews All Budget Submissions • Budgeting Prepares Revenue Estimates 	<ul style="list-style-type: none"> • Review of Budget Submissions Continues • Mayor's Budget Hearings Begin 	<ul style="list-style-type: none"> • Mayor's Budget Hearings End • Administrative Review Group Recommends Capital Improvement Plan • Proposed Budget Finalized • Mayor's Budget Address
May	June	July
<ul style="list-style-type: none"> • Public Hearings • Council Budget Hearings Begin 	<ul style="list-style-type: none"> • Council Budget Hearings End • Budget Ratification • 1st and 2nd Readings of Budget Ordinance 	<ul style="list-style-type: none"> • Start of the New Fiscal Year • New Budget Implemented

Profile of Lexington-Fayette County

Location

Lexington, located in the heart of central Kentucky's bluegrass region, is the state's second largest metropolitan area. The urbanized central city is surrounded by its scenic countryside of world-famous horse farms. Its central location and excellent transportation system have been major factors in the city's growth and development. Lexington's location at the intersection of two major interstate highways (Interstates 64 and 75) places it within a day's drive of 70 percent of the U.S. markets.

KENTUCKY



FAYETTE COUNTY

Square Miles 285.5



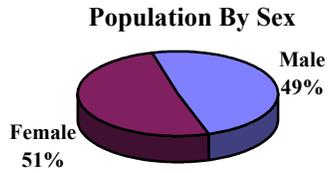
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Budget In Brief

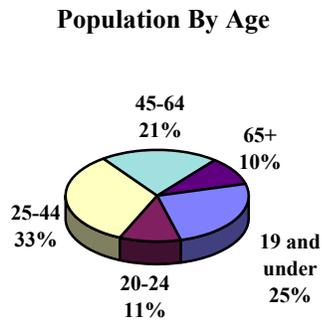
Population

Population Lexington-Fayette County			
Year	Population	Change	% Change
1970	174,323		
1980	204,165	29,842	17.1%
1990	225,366	21,201	10.4%
2000	260,512	35,146	15.6%

Population by Sex 2000	
Male	127,905
Female	132,607
Total	260,512

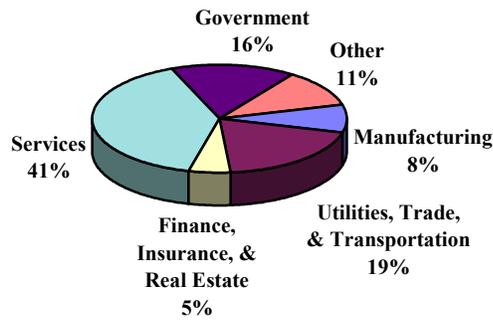


Population by Age 2000	
19 and under	65,226
20-24	28,355
25-44	86,366
45-64	54,391
65+	26,174
Total	260,512



Budget In Brief

Employment by Industry



All Industries	165,996
Manufacturing	13,826
Utilities, Trade, and Transportation	32,211
Finance, Insurance, and Real Estate	8,731
Services	66,406
Government	26,243
Other	18,579

Source: Kentucky Workforce Development Cabinet, "Average Monthly Employment Covered by Kentucky Unemployment Insurance Law by Industrial Division and by County".

The **service and trade sectors** are the primary sources of employment and income in Fayette County. The **service sector**, which is dominated by jobs in the professional services, such as legal and medical services, accounts for 41 percent of Fayette County jobs. The **trade sector** is the second largest source of jobs, accounting for 19 percent.

Budget In Brief

A stabilizing characteristic of the Lexington economy is its share of employment in the **government sector** (16 percent), of which the University of Kentucky is the largest component.

The Fayette County area is the retail center for the Lexington-Fayette Metropolitan Statistical Area (MSA). Also, the convergence of two major highways makes it ideally suited for the location of wholesale trade facilities.

Local Government

Lexington and Fayette County merged into a single **urban county government** on January 1, 1974. The merger was the culmination of an effort to develop a more efficient use of resources for joint programs in planning, parks, and public safety. A Mayor and 15-member legislative body administer the ***Lexington-Fayette Urban County Government***.